97-84093-12

American Bankers Association

Proposition for the segregation and...

New York

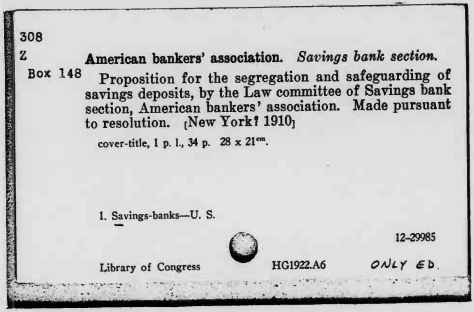
1910

97-84093-12
MASTER NEGATIVE #

COLUMBIA UNIVERSITY LIBRARIES
PRESERVATION DIVISION

BIBLIOGRAPHIC MICROFORM TARGET

ORIGINAL MATERIAL AS FILMED - EXISTING BIBLIOGRAPHIC RECORD



308
Z
Box 148

American bankers' association. *Savings bank section.*
Proposition for the segregation and safeguarding of savings deposits, by the Law committee of Savings bank section, American bankers' association. Made pursuant to resolution. [New York? 1910]
cover-title, 1 p. l., 34 p. 28 x 21cm.

1. Savings-banks—U. S.

12-29985

Library of Congress HG1922.A6 ONLY ED.

RESTRICTIONS ON USE: Reproductions may not be made without permission from Columbia University Libraries.

TECHNICAL MICROFORM DATA

FILM SIZE: 35mm REDUCTION RATIO: 14:1 IMAGE PLACEMENT: IA (IIA) IB IIB

DATE FILMED: 5/20/97 INITIALS: TLM

TRACKING # : 22991

FILMED BY PRESERVATION RESOURCES, BETHLEHEM, PA.

Prof. E. R. A. Seligman

Box

308
Z
R4x48

PROPOSITION

FOR THE

SEGREGATION AND SAFEGUARDING

OF

SAVINGS DEPOSITS

BY THE

LAW COMMITTEE

OF

SAVINGS BANK SECTION

AMERICAN BANKERS' ASSOCIATION

MADE PURSUANT TO RESOLUTION

1910

PROPOSITION RECOMMENDED

PURSUANT TO RESOLUTION ADOPTED FEBRUARY 1910 AT CONFERENCE OF THE VARIOUS LAW AND LEGISLATIVE COMMITTEES OF THE AMERICAN BANKERS' ASSOCIATION, HELD AT HEADQUARTERS IN NEW YORK CITY.

ALLEN W. JOHNSTON
Treasurer Schenectady Savings Bank,
Schenectady, N. Y.

J. E. BLUNT, JR.
Vice President, Merchants Loan & Trust Co.
Chicago.

FREDERICK C. NICHOLS
Treasurer Fitchburg Savings Bank,
Fitchburg, Mass.

LAW COMMITTEE
SAVINGS BANK SECTION
AMERICAN BANKERS ASSOCIATION

WILLIAM HANHART, Secretary
SAVINGS BANK SECTION,
11 Pine Street, New York.

TABLE OF CONTENTS.

	PAGE
Preamble and Resolution,	1
History of Movement,	1
Proposition of Committee,	3
Definition of Savings Deposit,	3
Laws Relating to Savings Deposits,	4
Discussion of Proposition	4
1. Are Savings Assets Entitled to be Kept Separate,	5
2. Are Savings Deposits Entitled to Special Investment,	6
3. Is the Proposition Practicable,	8
4. What Objections Are Urged Against the Proposition,	11
Conclusion,	13
Recommendation for Action,	13
Letter of Thomas B. Paton to Chairman of Committee,	14
Exhibit "A" Tentative Draft of Bill by General Counsel,	15
Exhibit "B" Summary of State Laws, Relating to Segregating and Safeguarding Savings Deposits,	17
Exhibit "C" Tables from Banks Reporting to National Monetary Commission,	29
Exhibit "D" Increase of Savings Deposits,	34

To the President and Secretary of the
TRUST COMPANY SECTION
SAVINGS BANK SECTION
CLEARING HOUSE SECTION
AMERICAN INSTITUTE BANKING SECTION

Law Committee of the TRUST COMPANY SECTION

Chairman and Secretary
STANDING LAW COMMITTEE
FEDERAL LEGISLATIVE COMMITTEE
CURRENCY COMMISSION
OF AMERICAN BANKERS' ASSOCIATION

Acting under the following preamble and resolution:

WHEREAS members of the following law committees of the American Bankers' Association, namely, The Standing Law Committee, The Federal Legislative Committee, the Committee on Protective Laws of the Trust Company Section, and the Law Committee of the Savings Bank Section, have convened in New York City February 9 and 10, 1910, upon the invitation of the last named Committee to consider the question of segregating and further safeguarding of savings deposits; after full discussion

RESOLVED, That the Law Committee of the Savings Bank Section be requested to formulate a complete report as to proposed plan of segregating and further safeguarding of savings deposits and that copies of such report be sent to the presidents and secretaries of the various sections of the Association and to the Law Committee of the Trust Company Section, with request that they each prepare and make a report on the subject to their respective executive committees for final report by the latter to the Executive Council of the Association at the next May meeting; further that copies of such report of the Savings Bank Law Committee be sent to the Chairman and Secretary of the Standing Law Committee, the Federal Legislative Committee and the Currency Commission of the Association with request that such committees also make a report on the subject to the Executive Council at its May meeting.

THE LAW COMMITTEE OF THE SAVINGS BANK SECTION of the American Bankers' Association begs leave to submit the following:

HISTORY OF MOVEMENT.

At the annual convention of the Savings Bank Section held in Denver in 1908, the Committee on Uniform Laws of that Section made a report, which was adopted, showing the need of adequate laws for the safeguarding and investment of savings deposits in many states and recommending that the work of drafting the necessary laws be taken up in connection with General Counsel of the Association. For the purpose of carrying out this work the Law Committee of the Savings Bank Section was appointed.

The Law Committee of the Savings Bank Section held meetings at the offices of the American Bankers' Association on February 15 and 16, 1909, which meetings were attended by prominent bankers and bank supervisors upon invitation and as a result of protracted discussion, the following resolution was unanimously adopted as the sense of the meeting:

"That savings deposits in different institutions throughout the country should be segregated and safeguarded."

At this meeting, the General Counsel presented a statement showing generally the condition of savings bank laws in each state and, on motion, it was further resolved:

That the subject of drafting a skeleton law carrying out the above resolution and other cardinal requirements be proceeded with by General Counsel Paton, who shall prepare such a law in consultation with the Chairman of the Standing Law Committee and the Chairman of the Committee on Protective Laws of the Trust Company Section and the Chairman of the Committee on Savings Bank Laws of the Savings Bank Section, the draft to be submitted at the next meeting.

From this time to that of the annual convention at Chicago in September, 1909, the Law Committee of the Savings Bank Section took steps to ascertain the conditions and needs with respect to laws on this subject in the various states and a general expression of opinion as to the work planned by the Committee. Letters on the subject were addressed to and replies received from Governors of states and territories, bank commissioners and superintendents, and banks and bankers in every state and territory in the Union. Hundreds of replies were received and the approval of the general proposition for the segregation and safeguarding of savings deposits, wherever held, was, with slight exception, unanimous and a wide interest in the subject has been evidenced. All the information thus obtained by the Committee has been tabulated and is now on file in the office of General Counsel Paton, together with the original letters received in reply, among which are over 100 which contains specific suggestions as to the character of loans and investments appropriate for savings deposits.

At the eighth annual Convention of the National Association of Supervisors of State Banks held at Chicago September 13, 1909, 35 states being represented, a standing law committee was appointed to assist in carrying out the legislative policies of that Association, among such policies being the segregation and proper investment of savings deposits, as was evidenced by the adoption of the following resolution:

It is resolved that this Association again record its judgment in favor of the segregation of savings deposits and the careful safeguarding of investments in accordance with local conditions.

The Law Committee of the Savings Bank Section made a report at the annual meeting at Chicago September 16, 1909, in which the work accomplished to that time was stated and the Committee said:

"Your Committee has deemed it advisable to await the developments of the informal discussion of the various phases of safeguarding savings deposits, which have lately been brought anew to the attention of State authorities and bankers throughout the Union, feeling assured that the progress already made and that which is in prospect will enable the Law Committee of the Savings Bank Section to report at the spring meeting of the Executive Committee of the Savings Bank Section in 1910 that the draft of a skeleton banking law for the safeguarding of savings deposits is ready for its consideration."

On the occasion of the Chicago Convention a conference of the several law committees of the American Bankers' Association was held and the Chairman of the Law Committee of the Savings Bank Section was requested to call a meeting of law committees to discuss this subject, to be held in New York sometime during the fall of 1909. Such meeting was held at the Association rooms in New York on Wednesday, October 27, 1909, and was attended by representatives of the Federal Legislative Committee, the Law Committee of the Trust Company Section, the Standing Law Committee and the Law Committee of the Savings Bank Section. General propositions for segregation and safeguarding all savings deposits for adoption in different states were discussed. Before adjourning, the Conference by resolution, requested the Law Committee of the Savings Bank Section to call a further conference of law committees of the sections at some date before the Spring meeting of the Executive Council in 1910. Such meeting was held February 9 and 10, 1910, at the Association rooms in New York and its outcome is indicated by the preamble and resolution, above set forth, under which this report is made.

PROPOSITION OF THE COMMITTEE.

The original report, made in 1908, under which this Committee was appointed, dwelt on the need of adequate laws for the safeguarding and investment of savings deposits. At the first meeting of your Committee in February, 1909, after an exhaustive discussion there appeared to be three ways in which the savings of the country could be more adequately safeguarded:

(1) Through the establishment of mutual or non-stock savings banks with restricted investments;

(2) Through the establishment of stock banks with restricted investments, for the receipt of savings deposits only;

(3) Through the establishment of stock banks for the receipt of both commercial and savings deposits, with restricted investments for the latter.

Your Committee believes that although the mutual or non-stock savings bank system has proved a great success in the North Atlantic States, it is unlikely that it will be established in other sections of the country. Their belief is strengthened by the fact that although several states in other sections have laws for the establishment of such banks, an insignificant number have been organized under them.

Your Committee finds that, although some of the western and southern states have excellent laws for the establishment of stock banks for the receipt of savings deposits only, in most of these states the bulk of the savings is held not by such banks but by banks which receive both commercial and savings deposits.

In fact your Committee finds that outside of the North Atlantic states a very large majority of the savings deposits are held in banks and trust companies which receive both commercial and savings deposits. It therefore seems to your Committee wise to recommend the adoption of the following proposition, already in operation in nine states, which requires the establishment of no new banking systems but works along the lines of least resistance.

That savings deposits in all banking institutions should be segregated from commercial and other deposits and invested in such classes of loans and securities as experience has shown to be amply safe, and that such investments should be held for the special benefit of the savings depositors.

DEFINITION OF SAVINGS DEPOSIT

In discussing the subject with bankers and others, the question has constantly arisen "What is a savings deposit and how can it be defined?" Your Committee is of the opinion that the only satisfactory definition of a savings deposit is one which relates to the special conditions under which it is received and may be withdrawn.

Conditions which are generally recognized as appertaining to a savings deposit are these: (1) that the pass book or other form of receipt must be presented whenever a withdrawal is made; (2) that the bank may, if it desires, require a savings depositor to give thirty, sixty or ninety days' notice before he may withdraw the whole or a part of his deposit; (3) that interest is credited only at the end of fixed periods and only upon such portions of the account as have remained in the bank for a certain length of time.

In nearly all the banks of the country one or more of these conditions is stipulated in the agreement under which savings deposits are received and none of them, as far as your Committee has been informed, is customary in the receipt of commercial deposits whether time or demand, or in the issuing of ordinary certificates of deposit. It is not proposed by your Committee that the plan should apply to any forms of deposit liabilities except those which are clearly recognized as "savings deposits."

LAWS RELATING TO SAVINGS DEPOSITS.

As the duty of providing for the establishment of savings banks devolves upon the state legislatures it is but natural to find in this, as in so many other branches of legislation, great divergence between the laws of the various states.

At the request of the Committee, General Counsel Paton has prepared an excellent digest of those portions of the various state banking laws relating to savings deposits, which is appended to this report as "Exhibit B" and which may be summarized as follows:

States authorizing Non-stock savings banks with restricted investments.	States authorizing Stock banks for savings only with restricted investments.	States restricting investment of savings deposits held in State banks & Trust Companies and requiring segregation of savings assets.	States requiring Savings assets to be kept separate from other assets.	States authorizing Commercial and Savings departments but requiring no separation of savings assets.	States requiring merely separate books of account for Savings deposits.
Connecticut	California	California	Oregon	Louisiana	Kentucky
Indiana	Colorado	Connecticut	Wisconsin (Trust Co.'s only)	North Carolina	Washington
Maine	Florida	Idaho		Utah.	
Massachusetts	Idaho	Massachusetts			
Minnesota	Iowa	Michigan			
New Hampshire	Michigan	New Hampshire			
New Jersey	Missouri	Ohio			
New York	Montana	Rhode Island			
Pennsylvania	Nebraska	Texas			
Rhode Island	Nevada	Vermont (no segregation)			
Vermont	Ohio				
West Virginia	Texas				
Wisconsin.	Wyoming				

DISCUSSION OF THE PROPOSITION.

In presenting the proposition which it recommends and which has already been briefly outlined, your Committee desires to discuss the subject under the following heads:

1. Are Savings assets entitled to be kept separate from other assets?
2. Are Savings Deposits entitled to special investment?
3. Is the proposition practicable?
4. What objections are urged against the proposition?

1. ARE SAVINGS ASSETS ENTITLED TO BE KEPT SEPARATE FROM OTHER ASSETS?

Your Committee urges the necessity of such a separation of savings liabilities and assets as a matter of simple justice to the savings depositor for the following reason. In the vast majority of cases the bank reserves the right to require the savings depositor to give a notice of thirty, sixty or ninety days of his intention to withdraw the whole or any part of his deposit. If such a bank gets into difficulties and requires the savings depositors to give "notice," they may be placed during such period in the position of deferred claimants, unable to withdraw their funds during a time in which it is possible for the commercial depositors to drain the bank of its cash and immediately available assets. Your Committee can see no way to prevent this except by setting aside certain assets sufficient to cover the savings deposits and forbidding the bank to use these assets for the payment of any of its other obligations until the savings depositors have been paid in full.

It was a case of this kind that led to the enactment of the segregation law in Texas. On Page 55 of the Proceedings of the Eighth Annual Convention of the National Association of Supervisors of State Banks at Chicago, September 13th and 14th, 1909, appears the following statement of the Hon. Thos. B. Love, Commissioner of Insurance and Banking, Texas:

> "I can tell you how we were enabled to pass that law in the state of Texas. It was because, like the successful temperance lecturer, we had a horrible example to point to, and that example I am sure would be quite as illustrative of the necessity and value of this segregation idea as the examples that have been given. During the last year a bank, which was operating under an absolutely special legislative charter, and which was therefore not subject to any sort of supervision or legal regulation other than that stated in the charter, did not make reports and was not subject to examination, had total deposits of something like $1,500,000. Of that amount $700,000 was savings deposits. These savings deposits were evidenced by passbooks which carried the right to postpone payment of depositors' claims for ninety days. When the panic of 1907 broke out the first of November, this bank took advantage of the provision in the passbooks and postponed the payment of its savings depositors for the ninety days period. It had at that time $700,000 of general deposits, which it could not postpone. It had some $1,600,000 of assets which were some of them of doubtful character. It immediately proceeded, in order to keep open its doors, to hypothecate its securities at the ratio of two and three and four and some times five to one, to obtain cash with which to satisfy its general depositors, and when the ninety days had expired it had absolutely no security of any value which it had not hypothecated. It had no cash, a large number of its general depositors had been paid off out of the proceeds of the sale of the securities, which represented the savings deposits, and the savings depositors were caught like rats in a trap, and have received so far ten per cent of their claims. With that in view, and using that as an example, I drafted the savings department provision of the State of Texas, which briefly requires that any State bank which uses the word "savings" as part of its corporate name, or holds itself out as receiving savings deposits, or maintains a savings department, must pass a resolution establishing a savings department, and must keep the moneys and funds of that department entirely segregated from and unmingled with the other funds of the bank; must invest them in savings bank securities which are strictly prescribed, and must have on hand at all times in this savings department an amount in cash and these savings bank securities together equal to the savings deposits, and it is made a felony for any officer or director of the bank to do or consent to the doing of any act at any time as the result of which this situation will obtain, and in case of liquidation of the bank, the depositors in the savings department are given a first lien on the assets in which their deposits have been invested. I found a considerable opposition to this from the State bankers who were maintaining savings departments. Their opposition was made the more formidable because we were happily in this situation in Texas, that no depositor in a State bank has ever lost a penny in the history of its existence. Finally, the bill was passed and the largest State banks are complying with it, and the smaller State banks are getting ready to, and I have no doubt it will be generally and fully complied with in the immediate future".*
>
> *Certain words have been changed to correct obvious errors in reporting.

The fact that nearly every bank in the country which takes savings as well as commercial deposits has what is called a savings or interest "department", whether or not such department exists under authority of law, is an indication to the depositor that savings deposits are in some way separated from the other deposits, and your Committee recommends that such a separation, both of the savings deposits and of the assets representing them, should be made effective by legislation in every bank which receives both savings and commercial deposits.

2. ARE SAVINGS DEPOSITS ENTITLED TO SPECIAL INVESTMENT?

The history of savings banks in the United States dates from 1816, in which year mutual, or non-stock, savings banks were established in Philadelphia and Boston. Not many years later the establishment of similar banks in many cities in the North Atlantic States led to the enactment of stringent laws in most of these states governing the management and the investment of their funds. Mutual savings banks are organized for the purpose of receiving savings deposits only, and in many of these states laws were later enacted with the object of forbidding state banks, trust companies and other institutions from receiving savings deposits. The laws of these states, therefore, recognized first, that savings deposits were entitled to be invested in the safest securities and with a view to safety of principal rather than to the interest to be paid to the depositor; second, that the savings bank business should be conducted separately from the commercial bank and trust company business.

In the European countries, in which savings banks were established a few years before they made their appearance in the United States, these two principles are everywhere recognized.

To what extent is the principle of special investment for savings deposits generally recognized throughout the United States?

By referring to the summary on Page 17 it appears that the following states provide for the establishment either of stock, or of non-stock, savings banks, the investments of which are specially restricted by law.

States authorizing incorporation of stock savings banks with restricted investments.

California x	Montana
Colorado	Nebraska
Florida	Nevada
Idaho x	Ohio x
Iowa	Texas x
Michigan x	Wyoming
Missouri	

States authorizing the establishment of mutual savings banks with restricted investments.

Connecticut x	New York
Indiana	Pennsylvania
Maine	Rhode Island x
Massachusetts x	Vermont
Minnesota	West Virginia
New Hampshire x	Wisconsin
New Jersey	

It will be seen therefore that the Legislatures of no less than 26 states have spread upon their statute books certain specified classes of investments which they have deemed to be the proper investments for savings deposits. For the most part these consist of real estate mortgages, United States, State, County and Municipal bonds and railroad bonds; although in some states commercial loans under special restrictions are authorized.

In addition to providing for the establishment of savings banks with restricted investments nine states, which in the foregoing lists are marked X, have also provided that if any other bank or trust company not required to invest its deposits under their savings bank laws accepts savings deposits, these deposits shall be segregated and invested in the manner prescribed for the investment of deposits of savings banks. Three states, namely,—Iowa, Colorado and Wyoming further provide that in case of liquidation savings depositors shall have a preference over all other depositors and creditors of the bank.

The fact that over one-half of the states in the Union (in the banks of which states, on April 28th, 1909, over two-thirds of the known savings of the country were on deposit) have by their legislation set up standards of investment for savings deposits is, to your Committee, sufficient evidence of the general acceptance of the principle that savings deposits are entitled to special investment.

From the Report from the Banks of the United States to the National Monetary Commission on April 28th, 1909, it is possible to ascertain what proportion of the savings deposits in the above mentioned states appear to be invested under restricted investment laws. Your Committee has prepared the following table in which, as nearly as can be ascertained, the savings deposits in these 26 states are classified as being invested under restricted or under unrestricted laws:

Iowa, Colorado and Wyoming further provide that in case of liquidation savings depositors shall have a preference over all other depositors and creditors of the bank.

The fact that over one-half of the states in the Union (in the banks of which states about four-fifths of the known savings of the country are on deposit) have by their legislation set up a high standard of special investment for savings deposits is, to your Committee, sufficient evidence of the general acceptance of the principle that savings deposits are entitled to special investment.

From the statements contained in the special report from the Banks of the United States to the National Monetary Commission on April 28th, 1909, it is possible to ascertain what proportion of the savings in the above mentioned states appear to be invested under the laws of the respective states relating to the investment of savings deposits. The following table shows the situation as nearly as your Committee has been able to arrive at it.

TABLE SHOWING STATES WHICH HAVE LAWS RESTRICTING THE INVESTMENT OF DEPOSITS IN SAVINGS BANKS; TOTAL SAVINGS DEPOSITS IN STATE BANKING INSTITUTIONS OF SUCH STATES; AND AMOUNT OF SUCH DEPOSITS WHICH APPEAR TO BE INVESTED UNDER THE RESTRICTIVE LAWS.

STATES.	Total Savings in State Banking Institutions, April 28, 1909.	AMOUNT. Invested under Restrictions.	AMOUNT. Not invested Under restrictions	Percentage not invested under restrictions.
*California	247,030,860 52	247,030,860 52		
*Connecticut	261,910,854 67	261,910,854 67		
*Idaho	719,728 21	719,728 21		
*Massachusetts	732,277,281 82	732,277,281 82		
*Michigan	117,008,914 52	117,008,914 52		
*New Hampshire	83,141,024 24	83,141,024 24		
*Ohio	220,296,461 93	220,296,461 93		
*Rhode Island	111,343,039 40	111,343,039 40		
*Texas	1,988,994 74	1,988,994 74		
*Vermont	59,684,660 06	59,684,660 06		
Colorado	5,768,095 98	2,396,395 06	3,371,700 92	58 53
Florida	3,013,594 28		3,013,594 28	100 00
Indiana	38,455,649 46	10,886,799 73	27,568,849 73	71 77
Iowa	64,665,335 22	58,126,307 22	6,539,028 00	10 12
Maine	106,550,283 15	87,654,451 13	18,895,832 02	17 74
Minnesota	25,137,693 39	18,154,951 16	6,982,742 23	27 81
Missouri	22,713,046 75		22,713,046 75	100 00
Montana	1,871,381 08	793,424 94	1,077,956 14	57 59
Nebraska	2,718,150 47	2,239,423 08	478,727 39	17 64
Nevada	1,451,160 04		1,451,160 04	100 00
New Jersey	159,125,632 56	86,664,015 26	72,461,617 30	45 57
New York	1,486,346,206 14	1,405,294,255 93	81,051,950 21	5 45
Pennsylvania	322,503,257 85	164,542,299 05	157,960,958 80	48 96
W. Virginia	9,211,563 19	1,191,647 76	8,019,915 43	87 17
Wisconsin	25,542,715 95	1,144,436 58	24,398,279 37	95 64
Wyoming	226,763 74	207,544 33	19,219 41	8 49

*Restricted investment required for savings deposits wherever held.

From the foregoing table it is clear that in many of these states only a small proportion of the savings deposits are invested in the manner in which their legislatures contemplated they should be invested. In Florida, Missouri and Nevada none appear to be so invested; in Wisconsin and West Virginia but a small proportion; while in the first few states mentioned all savings appear to be invested in the manner contemplated by the law.

The fact is that in many of these states but few banks are organized under the laws providing for the establishment of savings banks; consequently the bulk of the savings deposits are held by banking institutions of the country other than savings banks.

Nevertheless it is a fact that, as will be shown on a succeeding page, the various banking institutions of the country other than savings banks hold large amounts of securities of the classes usually recognized as savings bank investments, and many banks throughout the country have stated to your Committee that it was their practice, although not required by law, to carry an amount of real estate mortgages and high grade bonds equivalent to the amount of their savings deposits; although of course in the absence of appropriate legal provision such securities could not be held for the special benefit of savings depositors.

Your Committee after studying for many months the savings bank situation in the United States and Foreign countries is firmly convinced, and believes it to be generally conceded, that savings deposits are entitled to special investment in the loans and securities which are locally recognized as the safest and most appropriate. Those bankers who receive savings deposits are well aware of the condition of the average persons who make such deposits as well as of the purposes for which their money has been saved. In most cases such deposits represent the small savings of wage earners, children and others who, from the circumstances of their birth, training or education, have no experience in investing their money and have no safe place but the savings bank in which to keep it. The bank accounts of merchants and the well to do represent merely their cash for current needs, but the bank accounts of the great wage earning class of our citizens represent in most cases their entire capital; what young people have saved for a start in business or toward the expenses of marriage; what parents have saved for the education of their children; what the prudent have saved as a provision for old age; what those of advancing years have saved for funeral expenses; and for a thousand other purposes and necessities to accomplish which great self denial has often been necessary.

From the standpoint of public policy can there be any question that for the encouragement of thrift on the part of the wage earners of the country, the agencies in every state which are receiving savings deposits should be required to invest them in the way in which in that state is considered to be the safest and which will command complete public confidence?

3. IS THE PROPOSITION PRACTICABLE?

From what has been already said, it will be seen that in the North Atlantic States for many years savings deposits were segregated by law in banks authorized to receive such deposits exclusively and that they were invested under rigid legal restrictions.

In later years, however, a general tendency having arisen on the part of state banks and trust companies to accept savings deposits, four of these states, namely, New Hampshire, Connecticut, Rhode Island and Massachusetts have enacted laws requiring state banks and trust companies receiving deposits in a manner similar to that in which savings banks receive them, by whatever name such deposits may be called, to segregate them from their other deposits and invest them in loans and securities authorized for savings banks. Vermont arrives at the same result by requiring all state banking institutions to invest their funds in savings bank investments.

In five other states, namely, Michigan, Ohio, Texas, California and Idaho, in which the laws contemplated that savings deposits should be received in savings banks with specially restricted investments, and in which the same tendency on the part of state banks and trust companies as was noted in the foregoing paragraph became general, laws were passed requiring the state banks and trust companies receiving savings deposits to segregate them from their other deposits and invest them in the loans and securities authorized for savings banks.

Wisconsin has recently required trust companies which receive time deposits to segregate them from other deposits and invest them separately although no classes of loans or securities are prescribed for such investment.

Thus it will be seen that in ten states the plan which your Committee recommends is already in operation, although in varying degrees of completeness. New Hampshire which enacted this segregation law in 1891, and Michigan which enacted it in 1893, appear to your Committee to be the states whose experience will be of the most value in determining the practicability of the plan, as the enactment in the other states is of much more recent date.

HON. R. M. SCAMMON, BANK COMMISSIONER OF NEW HAMPSHIRE (Proceedings, Eighth Annual Convention National Association of Supervisors of State Banks, page 46) says:

> "I will say the law requiring the keeping of these assets of the savings department separate has been in force in our State for quite a number of years, and we look upon it as one of the best features of our banking law. I do not think there are any of the banking people themselves who would desire any change in that respect in any particular."

In Michigan where the law has been in effect since 1893 and where there are 376 state banks with $151,000,000 of savings deposits and $75,000 000 of commercial deposits, the plan has had its principal trial and the testimony which your Committee has received as to its working is as follows:

HON. H. M. ZIMMERMAN, COMMISSIONER OF BANKING OF MICHIGAN, (Page 47, of same Proceedings) says:

> "I am pleased to say that in Michigan, in 1893, we incorporated in our banking law an amendment which required the segregation of our savings department, or a division of our commercial and savings business. The combination is working very well indeed and is satisfactory to the banks, is easy of enforcement, and I commend it to you gentlemen who represent those states in which you have not the mutual savings bank and have also not the privilege of combining these two businesses into one corporation."

MR. J. H. JOHNSON, PRESIDENT, PENINSULAR SAVINGS BANK, DETROIT, MICH., writes under date of March 24, 1910.

> "Our experience in 1907 shows that the savings depositors are the panicky ones. They have no experience to guide them. With notice required they seem assured that the "others" are not getting ahead of them and quiet down long before the time is up. The commercial depositors, knowing that the savings depositors cannot draw their ready money nor disturb their assets, go about their business in the regular way. This was a strong factor in bringing about normal conditions with resulting peace and confidence."

MR. HENRY IDEMA, PRESIDENT KENT STATE BANK, GRAND RAPIDS, MICH., writes under date of April 7th, 1910:

> "Replying to your letter of the 15th inst. will say that while the present law requiring the segregation of savings deposits has been in force less than a year, it is working satisfactorily, and I think to the increased safety of the depositor over former methods."

MR. A. G. BISHOP, CASHIER GENESEE COUNTY SAVINGS BANK, FLINT, MICH., writes under date of April 9th, 1910.

> "Regarding the segregation of savings deposits and investments, which is now the law in this state, I am pleased to say, that I consider it a very happy move in the right direction. From the assistance rendered by the Banking Department, I think the Banks are readily falling in line, and as they become more familiar with the workings and intention of the law, they will look upon it as highly satisfactory, and as a successful effort for safeguarding the savings deposits of small depositors. This Bank was organized as a Savings Bank in 1872, and has, I think, been very successful, as we aim to pay particular attention to the small depositors. I am very much in favor of the law, as it now stands."

The following statements relate to the experience of other states:

MR. F. R. SIRCOM, TREASURER, MALDEN TRUST COMPANY, MALDEN, MASS., writes under date of February 14, 1910:

> "It gives me pleasure to give you the benefit of our experience with relation to the working of the new law affecting our Savings Deposits.
>
> "Up to this time, our earnings, I feel, have not been materially affected one way or the other.
>
> "I believe that the good effect which the law has had upon the public mind because of the additional security given the depositor, has had the effect of stimulating confidence in the stability of that branch of our business. Our deposits have increased steadily."

HON. WM. G. CRUSE, BANK COMMISSIONER OF IDAHO, telegraphs under date of April 11, 1910:

> "Law enacted March, 1905, requires savings banks and banks with savings deposits to invest such deposits in bonds of United States, State, County or City, or mortgages worth double amount loaned thereon. Law working well and bankers satisfied. Some advertise the fact. I consider it mighty good.

MR. J. F. SARTORI, PRESIDENT SECURITY SAVINGS BANK, LOS ANGELES, CAL., Page 48, Proceedings Eighth Convention National Association Supervisors of State Banks says:

> "At the convention of the California Bankers' Association at Pasadena about two years ago, a legislative committee was appointed to draft a new banking act. The subject of segregation of assets, the commercial assets, the savings assets, and the trust assets, was discussed at some length at that convention. At a vote on the subject whether or not that should be permitted, the convention stood about 176 to 14. I might say that most of the 14 were National bank managers. It was therefore the concensus of opinion almost at that convention to approve the matter of segregation of assets and doing a departmental business. We adopted, you might say, the Michigan Act on the subject. But we went a little further and provided more definitely with regard to the regulation and the segregation of the assets. It provides that the commercial department must be run strictly according to the Commercial Act in all respects of reserve, etc.; the savings department strictly in accordance with the Savings Bank Act; the trust department strictly in accordance with the Trust Act; that no fund of one department shall be intermingled with the other. No one department shall transact any business or deposit any money in the other department. The books shall be kept separate, the cash separate, the bank deposits separate, all the assets and liabilities separate. And of course the creditors of each department shall have a first lien on the assets of their respective department. The law is a new one. It went into effect on the first of July last. The superintendent of banks is now endeavoring to make the many banks who have been doing practically a departmental business comply with the law. We discovered that about 246 commercial banks out of 350—three-fourths of them—were doing a savings business, issuing savings bank passbooks, making loans on real estate and all that, doing a savings business without any regulation on the part of the old banking act. All of those banks, if they wish to continue to do that—and most of them will, because they are mostly country banks and similar institutions, are now amending their articles of incorporation and are segregating the assets, and we believe that it will work all right."

HON. W. P. GOODWIN, BANK COMMISSIONER OF RHODE ISLAND, (Proceedings, Eighth Convention National Association of Supervisors of State Banks, Page 53) says:

> "The enactment of the segregation clause of the Rhode Island law was passed after much heat of battle, opposition coming to the surface on the part of the trust companies. The law was finally passed by the evident desire of the people, and our legislature responded to that rather than to other arguments. Immediately upon my accession to office I expected to encounter opposition on the part of the trust companies, but I am happy to say that they calmed down immediately and have co-operated with the department in that respect."

4. WHAT OBJECTIONS ARE URGED AGAINST THE PROPOSITION?

At the various conferences mentioned in this report and in discussion with bankers throughout the country, a number of specific objections have been raised to the proposition which your Committee thinks it advisable to present here, together with what appear to be reasonable counter-arguments.

1. That a bank having a commercial and a savings department could not require depositors in the savings department to give notice of their intention to withdraw without precipitating a run by the depositors in the commercial department.

> The experience of Michigan during the Panic of 1907 shows that although a large majority of the banks having the two departments required notice from their savings depositors, the depositors in the commercial department were not alarmed by this action as they knew that it had no effect whatever upon the department in which they were doing their business; furthermore, the savings depositors were easily reassured because they knew that however much the commercial depositors might withdraw, it would not affect the assets of the savings department.

2. That the requirement that certain assets should be set apart for the savings depositors, would tend to alarm the commercial depositors and make them withdraw their deposits.

> In neither New Hampshire or Michigan where such legislation has been in force for over fifteen years nor in the other seven states in which it has been more recently enacted has any such withdrawal taken place. The existence of secured deposits in many classes of banks is generally recognized. All deposits of the United States are secured by the deposit of Government bonds; the deposits of many states, counties and municipalities are secured by the deposit with a public officer of state, county or municipal bonds; in many states, trust companies are required to deposit substantial amounts of cash or securities with the State Treasurer as special security for trust deposits; in New York State, the deposits made by New York Savings Banks and deposits received as Executor, Trustee, etc., are, by law, constituted preferred deposits and the amount of such preferred deposits is specified in the published statements of the banks. In Colorado, Iowa and Wyoming savings depositors are preferred creditors in case of liquidation; but no cases have come to the attention of your Committee in which the existence of such secured or preferred deposits has caused alarm to any class of depositors, nor, as far as can be learned, has the segregation of savings deposits in the states hereinbefore referred to caused any alarm or withdrawal on the part of the commercial depositors in the banks affected by such legislation.

3. That the investment of savings deposits in special loans and securities prescribed by law would necessitate a curtailment of local loans.

> Although this objection is very generally raised, no cases have been brought to the attention of your Committee in any of the states having the plan in operation in which the form of investment required by such state has hampered the extension of local credits.
>
> In order to ascertain to what extent the various classes of banks in the country are already in possession of loans and securities of the nature usually prescribed for savings deposits, your Committee has had a tabulation made from the report of the National Monetary Commission made April 28th, 1909, of all the banks in the country, showing the amount of savings deposits held by each class of banks in each state of the Union and has appended thereto the aggregate amount held by each class of banks in each state, of United States bonds, state and municipal bonds, railroad bonds, real estate mortgages, and loans on real estate. These tables will be found in the Appendix to this Report as Exhibit "C." It shows quite clearly that taken as a whole, in most of the states, the various classes of banks have an amount of these loans and securities sufficient to cover the amount of savings deposits which they now hold. In general, the figures for the entire country are as follows:

TOTAL INVESTMENTS IN MORTGAGES AND BONDS,
APRIL 28, 1909.

	Total Savings deposits April 28, 1909	Loans on Real Estate.	U. S. Bonds.	State and Municipal Bonds.	Railroad Bonds.	Mortgages Owned.	Total.
National Banks	376,052,508	57,070,962		156,612,965	351,371,083		565,054,941
State Banks	451,023,602	337,150,897	5,221,710	65,892,211	75,036,949	77,279,474	560,581,147
Stock Savings Banks	366,167,886	220,596,818	10,212,852	25,060,041	26,554,614	36,416,826	318,841,118
Private Banks	15,872,927	32,126,877	609,219	3,228,802	1,213,577	4,509,824	41,688,265
Trust Companies	576,783,078	179,034,348	3,222,380	155,832,931	362,404,241	198,283,931	898,592,763
Total	1,785,400,011	825,979,902	19,266,161	406,626,950	816,580,464	316,490,065	2,384,758,234

From a study of these tables, it is evident that generally speaking, if these classes of loans and securities should be designated by law as those in which savings deposits should be invested, the plan proposed by your Committee could be carried into effect without materially curtailing the amount of funds at the disposition of the banks for commercial and local loans.

4. That such a segregation might be unconstitutional.

In New Hampshire and Michigan, where certain portions of the law have been contested up to the courts of last resort, your Committee has not learned that the point of constitutionality has ever been raised.

5. That special investment of savings deposits would reduce the profits of the bank.

Your Committee believes that for savings deposits safety of principal rather than the rate of interest is the fundamental requirement and that if, by investment in specified loans and securties, the profits are reduced, the rate of interest might properly be reduced proportionately. Your Committee have found in reports of the Bank Commissioner of Massachusetts, in which state the savings bank investment laws are considered very conservative, the following statistics relative to the comparative earning capacity of the assets of the savings banks and the assets of the trust companies, from which it appears that, during the years 1906, 1907 and 1908 the assets of the trust companies, wholly unrestricted as to investment, earned only 4/10 of 1% more than the assets of the savings banks under rigid investment laws.

	1906	1907	1908
Gross income from Savings banks assets was.	4.21%	4.54%	4.55%
Gross income from Trust company assets was	4.54	5.14	4.81

6. That it makes the savings depositors preferred creditors.

Although, as has already been shown, savings depositors in three of the states are by law or judicial decision constituted preferred creditors, the proposition recommended by your committee provides that they shall be not PREFERRED but SECURED creditors. The assets in which their deposits have been invested are held for their sole benefit, but in case these should prove deficient they have a claim for the balance, like that of any other secured creditor, on the general assets of the institution.

DRAFT OF BILL.

In order to present the proposition which they recommend in more detail and in a manner which will permit bankers readily to understand its effect upon their business, your Committee have requested General Counsel Paton to prepare an outline draft of a bill to provide for the establishment of savings departments in state banks and trust companies and for the special investment and safeguarding of deposits in such savings departments. This Bill is appended to the proposition as Exhibit "A" and your attention is specially directed to it.

CONCLUSION.

The present is a period of progress in banking legislation and regulation. Wherever defects and inadequacies in our various banking systems have become generally recognized our bankers have endeavored to remedy them through legislative or other agencies. The last five years have been especially fruitful of improvements in the conditions under which banking is carried on.

The proposition which your committee recommends entails the acceptance of nothing new and untried, nor does it bring any governmental agency into competition with banking institutions. It crystallizes into law what is already the practice in many of the progressive banks of the country, and is based on the experience of laws enacted in

1891 in New Hampshire
1893 in Michigan
1905 in Idaho
1907 in Connecticut
1908 in Ohio, Rhode Island and Massachusetts
1909 in California and Texas

The adoption of the segregation plan in states representing such widely separated sections of the country as New England and the Pacific Coast, the Northwest, the Middle West and South West, is evidence that your committee is not recommending a proposition which is sectional or adapted only to particular conditions, but one which is adapted toall conditions and to every section of the country. For your committee desires to emphasize the fact that it is recommending not a SCHEDULE OF INVESTMENTS, to be applied rigidly under widelydifferent conditions, but a PRINCIPLE, to be worked out in detail in each state or section in accordance with local standards, conditions and needs.

Your committee, pointing to the steady progress of this principle in the past five years, and to the unanimous determination of the Supervisors of State Banks at their last two conventions to recommend and work for its adoption, begs leave to express the hope that it may seem wise and proper to the various sections and committees, to which it has been directed to submit its proposition, to recommend that the subject should be brought before the next annual convention of the American Bankers' Association for discussion by the bankers of the country.

RECOMMENDATION FOR ACTION.

We therefore respectfully request the several Committees and Sections named in the Preamble and Resolution under which the foregoing proposition for segregating and safeguarding savings deposits is presented, that they embody in their respective reports, a recommendation of action, substantially as follows:

We recommend, for all states and jurisdictions in which the same does not now fully prevail, the adoption of the principle of safeguarding savings deposits, by the segregation of savings assets and the special investment of savings deposits in such manner as may be both acceptable to the banking interests and adapted to local needs and conditions in all such states and jurisdictions.

And we further recommend that the Executive Council of the American Bankers' Association be requested to take action at its May, 1910, session to further the above recommendation and to take steps to bring the proposition before the next annual Convention for discussion and action.

ALLEN W. JOHNSTON,
J. E. BLUNT, JR.
FREDERICK C. NICHOLS,
Law Committee
Savings Bank Section
American Bankers' Association.

WILLIAM HANHART, Secretary
Savings Bank Section.

The American Bankers Association

ELEVEN PINE STREET.
NEW YORK

March 30, 1910.

Mr. Allen W. Johnston, Chairman,
Committee on Savings Bank Laws,
Savings Bank Section, A. B. A.,
Schenectady, New York.

Dear Mr. Johnston:

Pursuant to your request that I frame for your Committee an outline of a proposed law which would carry into effect the general proposition that savings deposits, wherever held, be segregated and that such deposits be safeguarded as are deposits in the savings banks of certain of the states, I am submitting herewith

(1) An outline draft of act to provide for the establishment of savings departments and the segregating and safeguarding of savings deposits in banks and trust companies.

(2) A summary of existing state laws relating to segregating and safeguarding savings deposits.

Each state has its own law under which banks are organized and their business conducted; some of these laws are quite complete in detail, others less so, while in some of the states there are no general banking laws and provisions applicable to banks are very meagre. Owing to the difference in state laws, the most practical method would be to frame for each state a special law on this subject, drafted in view of, and harmonizing with, the local statutes. It is largely impracticable to frame a general law on the subject which would be suitable for enactment, without change or addition, in very many of the states.

In view of this difficulty, the draft herewith is submitted with some hesitancy as applicable to such states as have laws which provide for the organization and management of banks and trust companies, but make no distinction between savings and commercial deposits. It is not designed to include all the provisions which a perfect and complete law governing the operations of savings banks or savings departments should contain, but is intended merely to present the main features of a law governing the subject, which will serve as the basis for discussion of a proposition as yet tentative in character and it is, itself, a first tentative draft, subject to change or alteration as the result of discussion and criticism.

It is probably unnecessary for me to say that in submitting this proposed draft of law I am doing so in pursuance of my duties as General Counsel, part of which are to render legal advice and assistance to the various officers, sections and committees of the Association when called upon, and that in so doing I am not to be regarded as either advocating or opposing the wisdom of the policy underlying the enactment of such a law.

Yours very truly,

THOMAS B. PATON,

General Counsel.

(EXHIBIT A.)

A TENTATIVE DRAFT.

By THOMAS B. PATON, General Counsel.

AN ACT TO PROVIDE FOR THE ESTABLISHMENT OF SAVINGS DEPARTMENTS AND THE SEGREGATING AND SAFEGUARDING OF SAVINGS DEPOSITS IN BANKS AND TRUST COMPANIES DOING BUSINESS IN THIS STATE.

SECTION 1. SAVINGS DEPARTMENTS FOR SAVINGS DEPOSITS. Every bank and trust company doing business in this state soliciting and receiving deposits (a) which are repayable only on presentation of the pass book or other similar form of receipt which permits successive deposits and withdrawals to be entered therein or (b) which at the option of the bank or trust company may be withdrawn either on demand or only at the expiration of a specified period fixed pursuant to law after a notice of intention to withdraw has been given, or (c) as to which interest accrues to the depositor at a given rate at the end of fixed periods, upon the net amount which has stood to the depositor's credit during such entire period; or (d) in any other way which might lead the public to believe that such deposits are received or invested in the manner described in this act, shall have a savings department in which all such deposits shall be received and all business relating thereto shall be transacted.

SECTION 2. CERTIFICATES OF DEPOSIT. All deposits made in the savings department of a bank or trust company for which certificates of deposit are issued shall be governed by the provisions of this act. All certificates so issued shall contain the words "Issued by Savings Department (name of Bank)" and the lawful holders thereof shall be deemed savings depositors within the meaning of this act. No bank or trust company shall insert in any certificate of deposit issued by it a statement that it is issued by its savings department, unless such bank or trust company has a savings department and the deposit for which such certificate is issued has been actually received in such savings department subject to the provisions of this act.

SECTION 3. SEPARATION OF ACCOUNTS, TRANSACTIONS AND ASSETS. The books of account, papers, transactions, cash, investments and other assets of said Savings Department shall be kept separate and distinct from the general books, business and property of the bank or trust company.

SECTION 4. SAVINGS ASSETS TO BE HELD FOR SAVINGS DEPOSITORS. All cash, loans, investments and other assets of the Savings Department shall be held solely for the repayment of the depositors in said Department, and shall not be liable for, pledged as security for, or used to pay any other obligation or liability of the bank or trust company until after the payment in full of all depositors in said Department.

SECTION 5. CASH RESERVE. Ten per cent. of the aggregate of all savings deposits must be kept in cash, as a reserve fund, in such savings department; except that not over one-half of said reserve fund may be kept on deposit, subject to demand draft, in any bank or other depository in which the bank or trust company may lawfully deposit any portion of its reserve required to be held against general deposits. But no bank or trust company shall act as depository for any portion of the reserve of its own savings department. If such reserve shall become and remain depleted for a period of more than thirty days, such bank or trust company shall make no new investments of its savings deposits until such reserve shall be fully restored.

SECTION 6. INVESTMENT OF SAVINGS DEPOSITS. Not over ninety per cent. of the aggregate deposits in the savings department of a bank or trust company may be loaned or invested as follows, and not otherwise:

(Note: Here may be inserted a statement of authorized loans and investments according to the conditions and needs in the particular state.

In states in which there are already savings bank investment laws, the provision should be that the loans and investments of the deposits in the savings department shall be governed by the statutes relating to the investment of deposits in savings banks.)

SECTION 7. RESTRICTIONS UPON OFFICERS, ETC. No director, officer or employe of any bank or trust company shall directly or indirectly, for himself, or as an agent or partner of others, borrow any of the funds, deposits or securities of its savings department, or in any manner use the same except to make such current and necessary payments, investments and transactions as are authorized by the board of directors pursuant to law; nor become an indorser, surety or in any manner an obligor for any borrower with respect to moneys borrowed of such savings department.

SECTION 8. SURPLUS PROFITS. All income derived from the loans, investments and assets of the savings department, after deducting the expenses and losses incurred in the management and transactions of said department and such sums as may be paid to the depositors of said department as interest, shall accrue as profits to such bank or trust company and may be transferred to its general fund.

SECTION 9. NOTICE OF WITHDRAWAL. Every bank and trust company having a savings department shall have the right at its option, to withhold payment of the whole or any portion of a savings deposit until the expiration of a period fixed by it, not exceeding ninety days, after it shall receive notice from the depositor of his intention to withdraw the amount.

SECTION 10. LIMIT OF DEPOSIT. The aggregate of savings deposits for which any bank or trust company shall be indebted at any time to any one depositor, upon pass-book, certificate of deposit, or both, shall be limited to————thousand dollars, exclusive of accrued interest.

SECTION 11. RULES AND REGULATIONS. The board of directors of any bank or trust company which has a savings department may, from time to time, make such by-laws, rules and regulations, not inconsistent with law, as shall be necessary for the management of the transaction of such department, including the receipt of savings deposits, the time and manner of their repayment, and the rate of interest to be paid thereon. Such by-laws, rules and regulations shall be conspicuously posted in the banking room of such savings department and printed in the pass-books issued to savings depositors.

SECTION 12. UNAUTHORIZED SAVINGS BANKING. It shall be unlawful for any person or persons, association or corporation, except only savings banks duly organized under the laws of this state and banks and trust companies having savings departments likewise duly organized, to use the word or words "savings," "savings bank" or "savings department" as the whole or part of a business name or title upon signs, letterheads or stationery, or to advertise, solicit or receive deposits or otherwise conduct business as a savings bank or savings department, or in such manner as to lead the public to believe that the business conducted is that of a savings bank or savings department.

SECTION 13. PENALTY FOR VIOLATION. Every director, officer or agent of a bank or trust company who knowingly violates any of the provisions of this act shall be guilty of (felony or misdemeanor) and punishable by (fine or imprisonment, or both; term stated).

(EXHIBIT B.)

SUMMARY OF STATE LAWS RELATING TO SEGREGATING AND SAFE-GUARDING SAVINGS DEPOSITS.

(Prepared by Thomas B. Paton, General Counsel, at request of Committee on Savings Bank Laws, Savings Bank Section, American Bankers' Association).

I. TRUSTEE SAVINGS BANKS.

In the following thirteen states, general laws exist for the organization and management of trustee or mutual savings banks, without capital stock, (except that such banks in Conecticut, New Hampshire and Vermont are specially chartered) and in all these states the laws provide that deposits in such banks must be invested in specified securities and not otherwise.

INVESTMENTS OF TRUSTEE SAVINGS BANKS RESTRICTED.

CONNECTICUT	(Gen. Stat. 3428-3433)
INDIANA	(Act May 12, 1869 with subsequent amendments. Hastings Compilation Bank Laws 1907, Chap. V)
MAINE	(Rev. Stat. Ch. 48 §§ 3-53)
MASSACHUSETTS	(Acts 1908 Ch. 590 §68)
MINNESOTA	(Rev. Laws 1905 §3022; Ch. 468 Laws 1907 §§ 7, 8)
NEW HAMPSHIRE	(Laws 1901 Ch. 114; as amended by Acts approved Feb. 20, 1907, March 20, 1907, March 11, 1909, March 31, 1909)
NEW JERSEY	(Savings Bank Act 1906 §33)
NEW YORK	(Banking Law §116)
PENNSYLVANIA	(Act May 20, 1889 §17; Act May 10, 1889, §1)
RHODE ISLAND	(Banking Law 1908 §57)
VERMONT	(Pub. Stat. §4648-4656)
WEST VIRGINIA	(Savings Bank Law §17)
WISCONSIN	(Banking Law Ch. III §2024-68)

RESTRICTIONS AS TO SAVINGS DEPOSITS IN OTHER BANKS.

In five of the above named states—Connecticut, Massachusetts, New Hampshire, Rhode Island and Vermont—the laws provide for safeguarding and restricting the investment of savings deposits in other banks. In Wisconsin, "time" deposits in Trust Companies must be segregated and are primarily liable, in event of insolvency or liquidation, for payment of such depositors; and in Indiana, savings deposits in loan, trust and safe deposit companies must be held under the same regulations as to "repayment" which apply to deposits in trustee savings banks. An outline of these laws, follows:

CONNECTICUT

(a) Savings departments provided for banks and trust companies.
(b) Savings deposits must be invested according to requirements for investment of deposits in savings banks.
(c) Investments held exclusively for savings depositors and not liable for other debts of bank until payment of all savings deposits.
(d) Five years allowed for changing investments to conform to Act at least 1-5 yearly.
(Laws 1907 Ch. 85 §1-5)

MASSACHUSETTS

(a) Trust companies must establish savings departments for savings deposits.
(b) Loans and investments governed by statutes relating to investments of deposits in savings banks.
(c) Investments appropriated solely to security and payment of savings deposits and must not be mingled with investments of capital stock or other money or property of corporation.
(d) Savings assets not liable for debts or obligations of corporation until after savings deposits paid in full.
(e) Accounts and transactions of savings department must be kept separate and distinct from general business.
(f) Capital and stockholders liability is secured for payment of savings deposits and depositors have equal claim with other creditors upon capital and other property in addition to security provided by act.
(g) All deposits must be so invested at least 1-5 yearly before November 1, 1913. (Acts 1908 Ch. 520 in part. By Ch. 533 Acts 1907 similar provisions, with the exception of (f) above apply to foreign banking associations or corporations which on June 10, 1906 were transacting business in Massachusetts.

NEW HAMPSHIRE

(a) Savings departments of banking and trust companies required to make same investments as savings banks. (Laws 1901 Ch. 114 §1)
(b) Trust companies, loan and trust companies, loan and banking companies and similar corporations must establish savings department for savings deposits, which department is amenable to the laws governing savings banks (Pub. Stat. Ch. 165 §18)

RHODE ISLAND

(a) Savings or participation departments of banks and trust companies provided.
(b) Deposits must be invested according to requirements for deposits in savings banks.
(c) Deposits and investments set apart for exclusive protection of savings depositors and not liable for debts of corporation until after payment of all savings depositors.
(d) Change of investments must be made before February 1, 1913, at least 1-5 yearly. (Banking Law 1908 §§ 55 and 57).

VERMONT

Trust companies are classed with savings banks and savings institutions in the statutes restricting investments of savings deposits to specified securities. (Pub. Stat. §§ 4648 and 4654).

WISCONSIN

Trust companies may receive time deposits and issue notes, certificates, etc., therefor, payable at a future date only, not earlier than 30 days from date of deposit which must "be held or invested separate from other funds or property held by the corporation, and in case of insolvency or liquidation all such funds or investments made therefrom shall be primarily liable and used for the payment of such deposits." (Laws 1909 Ch. 186).

INDIANA

The laws provide no restrictions as to the investment of savings deposits in other banks; but loan, trust and safe deposit companies are "required to accept and hold savings deposits under the same regulations as to repayment thereof as are now prescribed by the laws of this state for the repayment of deposits in savings banks." (Act March 4, 1893 §19)

UNAUTHORIZED PERSONS OR CORPORATIONS PROHIBITED FROM USING NAME, ADVERTISING OR DOING BUSINESS AS SAVINGS BANK.

In eight of the states first above named, the statutes contain various provisions designed to prohibit the use of the name savings bank, or the word "savings" and advertising or doing business as a savings bank by unauthorized persons and corporations.

MAINE	(Rev. Stat. Ch. 48 §52)
MASSACHUSETTS	(Acts 1908, Ch. 590 §16)
MINNESOTA	(Laws 1909, Ch. 178)
NEW HAMPSHIRE	(Act April 4, 1907)
NEW JERSEY	(Act April 21, 1876)
NEW YORK	(Banking Law §131)
RHODE ISLAND	(Banking Law 1908 §27)
WISCONSIN	(Banking Law §2024-50)

ABSENCE OF GENERAL LAWS AS TO INVESTMENT.

In the states of

DELAWARE
MARYLAND

where trustee savings banks operate under special charters, there are no general laws which restrict the investment of the deposits in such banks. In Delaware such banks are subject to supervision of Banking Department (Act March 18, 1903) and must publish statements of assets and liabilities showing "the manner in which assets are invested" (Act March 22, 1875). In Maryland there is also a general law for the incorporation of stock savings banks with capital not exceeding $1,000,000 (Ch. 471, Acts 1868) but no provision requiring investment of savings deposits in specified securities and not otherwise.

II. STOCK SAVINGS BANKS OR COMBINED COMMERCIAL AND SAVINGS BANKS.

In a number of states which provide for the organization of banks having capital stock, a distinction is recognized between "savings banks" and "commercial banks" (in some states, the distinction is three-fold, between banks doing a "commercial," a "savings" and a "trust" business) and the policy is indicated of keeping the two (or three) classes of business separate with special or distinctive regulation of each class by prescribing (1) the form or kind of corporation authorized to conduct the business and (2) regulating to a greater or less extent the manner of its conduct with a view to the security of the depositors of each class. The following, in barest outline, is a classification of such state legislation with special reference to the distinction between commercial and savings business in its relation to the safeguarding and segregation of savings deposits:

CLASS A. RESTRICTED SAVINGS BANKS OR SAVINGS DEPARTMENTS WITH (A) SEPARATE BOOKS (B) INVESTMENTS RESTRICTED (C) SEGREGATION OF SAVINGS ASSETS AND (D) PRIORITY OF SAVINGS DEPOSITORS IN SAVINGS ASSETS.

In the four states of California, Idaho, Michigan and Texas, the laws provide for the organization of savings banks with requirement that the deposits be invested only in specified securties. Also for the organization of banks having separate departments for savings and commercial deposits, requiring (a) separate books of account (in Texas, the "business" must be kept separate) (b) investments of savings deposits restricted to specified securities (c) assets and investments of savings departments to be kept separate and not mingled (except no such provision in Idaho) and (d) priority of savings depositors in savings assets.

CALIFORNIA

Law provides for stock savings banks or banks having departments for commercial, savings or trust business, any two or all. (Bank Act 1909).

Investments of stock savings banks restricted to specified securities (Bank Act § 61.)

Investments of savings departments of banks having different departments governed by same provisions as apply to stock savings banks (Bank Act § 26.)

Separate books of account required for savings department (§ 26.)

Investments of savings departments must be kept separate from investments of other departments and not mingled (§ 26.)

Assets of each department held solely for repayment of depositors in said department until all paid; overplus remaining applied to other liabilities (§ 27.)

Use of word "savings" required on signs, advertising and stationery, when savings business conducted (§ 28.)

Unauthorized signs, advertising, etc., as savings bank prohibited (§ 12.)

IDAHO

Law provides for stock savings banks or banks having departments for commercial and savings business (Act March 6, 1905, § 8).

Savings banks or other institution with savings department must invest capital and deposits in specified securities and not otherwise (§ 24.)

Banks combining commercial and savings business must keep separate books of account (§ 27).

In event of insolvency, depositors of bank or banking department have prior lien on assets of bank or banking department (§ 47.)

MICHIGAN

Law provides for incorporation of savings banks or banks having departments for savings and commercial business. (Bkg. Law 1887, § 1.)

Investment of deposits in savings banks restricted to specified securities and loans (B. L. § 27.)

Deposits in savings department governed by same restrictions as deposits in savings banks (B. L. § 29.)

Banks combining commercial and savings business must keep separate books of account; investments of savings department must be kept entirely separate; reserve must be kept separate from reserve required on commercial depositors (§ 29.)

Deposits and investments of savings department shall be held solely for the payment of savings depositors (§ 29).

TEXAS

Law provides for incorporation of stock savings banks (Bkg. Law 1905, § 13.)

Deposits of savings banks must be invested in specified securities (Bgk. Law 1905, § 17.)

State banks or banking and trust companies doing savings business must establish savings department (Laws 1909, Ch. 15, § 13.)

Banks, etc., having savings department must keep business separate from general business and deposits and securities segregated from and unmingled with other moneys and funds (Laws 1909, Ch. 15, § 13.)

Eighty-five per cent. of deposits in savings department may be invested in specified securities and not otherwise (Laws 1909, Ch. 15, § 13.)

In case of insolvency or liquidation, depositors of savings department have exclusive prior lien on assets of savings department; overplus to general creditors (Laws 1909, Ch. 15, § 13.)

Savings depositors not covered by provisions of Bank Guaranty Law (Laws 1909, Ch. 15, §§ 10, 13.)

Use of word "savings bank," etc., prohibited to unauthorized persons and corporations (Bkg. Law, 1905, § 76.)

CLASS B. OTHER STATE LEGISLATION FOR INCORPORATION OF SAVINGS BANKS OR BANKS HAVING DEPARTMENTS FOR COMMERCIAL AND SAVINGS BUSINESS, NOT RESTRICTING SAVINGS INVESTMENTS, AND WITH VARYING PROVISIONS AS TO SEPARATE BOOKS, SEGREGATION, ETC.

In a number of other states the laws expressly provide for the incorporation of savings banks or of banks having departments for commercial and savings business.

The statutes of North Carolina and of Utah so provide, but contain no provisions restricting the investments of savings banks to specified securities; nor requiring separate books, special investment nor segregation of assets of savings departments.

The same is true of Kentucky and Washington, except that these states require separate books of account where the business is combined; and in Washington there is a provision for preference of depositors in event of insolvency, but there is nothing to show that savings depositors are preferred over commercial depositors.

In Oregon, while there is no provision for special investment of savings deposits as distinguished from commercial deposits and no requirement that departmental books shall be kept separate, the law requires that the assets and investments of the savings and banking departments of a combined bank be kept separate and, in case of insolvency, the depositors of each have prior lien on assets of respective departments.

In Louisiana, savings banks may make certain loans and invest in certain securities, but while savings departments of banks are provided for, there is no provision for separate books, segregation of assets or the special investment of deposits of such departments.

In Ohio, the investments of savings banks are not restricted to specified securities but such banks are authorized to discount or loan money on notes, bills, etc., and may invest in certain securities and separate books must be kept for savings departments and the investments and transactions of such departments are governed by the provisions governing savings banks. No segregation of savings assets is provided.

NORTH CAROLINA

Corporations to do savings bank business or having departments for both commercial and savings bank business may be formed (Revisal of 1905, §222).

No restrictions on investments of savings deposits nor provisions as to separate books, etc.

UTAH

Corporations to conduct savings banks or banks having departments for commercial and savings business may be formed (Comp. Laws 1907, Title 14, Ch. 3).

No provision for investment of savings as distinguished from commercial deposits, separate books, segregation, etc.

KENTUCKY

Banks may be incorporated as savings banks or having departments for commercial and savings bank business (Ky. Stat. §577).

No restriction on investment of savings deposits.

Banks combining business of commercial and savings banks must keep separate books for each kind of business. (§590).

WASHINGTON

Savings banks may be formed or banks having departments for general and savings bank business (L 1907 Ch. 225 §8).

Investments of savings banks or savings departments not restricted and no provision for segregation of assets.

Banks combining business of commercial bank and savings bank must keep separate books of account for each kind of business (L. 1907 Ch. 225 §28).

Unauthorized use of word "savings" prohibited. (L. 1907 Ch. 225 §30).

In distributing assets of any bank in hands of receiver, claims of depositors have preference over all other claims except labor; provided rights of secured creditors not impaired (L 1907 Ch. 225 §48).

OREGON

Laws provide for incorporation of savings banks or banks having departments for commercial and savings business (L 1907 Ch. 138 §8).

No provision for special investment of savings as distinguished from commercial deposits.

Capital, assets and investments of banking or savings departments must be kept separate and distinct from other capital, assets and investments (L 1907 Ch. 138 §9).

In event of insolvency, depositors of bank or banking department have prior lien on assets of such bank or banking department (L 1907 Ch. 138 §38). Word "bank" includes banking or savings department of trust company (Id. §35).

LOUISIANA

Incorporation of savings banks or general bank with savings department provided (Act No. 45 of 1902 §1, 5; Act No. 179 of 1902 §2).

Savings banks "shall have power" to buy specified bonds, to "buy and sell gold and silver and such promissory notes as shall be secured by good and sufficient collateral" worth 15% more than the loan and specified real estate. (Act 179 of 1902 §3).

No provision for separate books, segregation of assets of savings departments or special investment of deposits.

Unless incorporated no person shall use title "bank," "banking association" or "savings bank." (No. 179 of 1902 §1).

Every savings bank must make use of the words "savings bank" in its title (Act 179 of 1902, §3).

OHIO

Incorporation of separate savings banks or bank having department for commercial, savings, safe deposit or trust business, two or more or all. (Bkg. Law 1908, §1).

Savings banks not restricted to specified securities but "may invest" funds in or loan money on, discount, buy, sell or assign promissory notes, drafts, bills of exchange and other evidences of indebtedness and may invest their capital, surplus and deposits in and buy and sell the following:" (various securities upon which commercial banks may loan; stocks and notes of individuals) (§57).

Savings department of combined bank governed as to investments and transactions by provisions governing savings banks (§ 35.)

Corporations combining two or more classes of business must keep separate books of account for each class (§35).

CLASS C. STATES WHICH (A) INCORPORATE STOCK SAVINGS BANKS WITH RESTRICTED INVESTMENTS AND (B) ALSO AUTHORIZE COMBINATION OF SAVINGS AND COMMERCIAL BANKING BY ONE INSTITUTION, WITHOUT EXPRESSLY PROVIDING FOR DEPARTMENTS, SEGREGATION OR SPECIAL INVESTMENT OF SAVINGS DEPOSITS — SOUTH DAKOTA EXCEPTED AS TO (A).

In Colorado, Iowa and Wyoming, the laws provide for the incorporation of savings banks and restrict their investments to specified securities. In Iowa the law expressly, and in Colorado and Wyoming impliedly, permits the doing of both commercial and savings business by one institution, although there is no provision for departments or separate books of account or segregation or special investment of savings deposits by a bank combining savings and commercial business. In Colorado and Wyoming, however, "savings depositors" are entitled to preference in case of insolvency.

In South Dakota, also, the law provides that incorporated banks may receive "commercial and savings deposits," but there is no special legislation for the incorporation of savings banks, nor any provision distinguishing the savings from the commercial deposits of banks with respect to separate books, special investment or segregation of assets.

COLORADO

Stock savings banks provided (Compilation Bank Laws 1907, § 48.)

Investments of deposits regulated and restricted (Comp. § 51.)

Law apparently contemplates that one bank may receive both commercial and savings deposits for it provides that "any savings bank or banking association formed under the provisions of this act" shall hold as reserve "20 per cent. of the savings deposits of such bank or association." (§54.)

In case of the insolvency of any bank, or association formed under the provisions of this act, the savings depositors thereof shall be entitled to preference in payment over all other creditors of said bank or association (§ 57)

No person permitted to carry on a savings bank, not being organized under laws of Colorado (§ 56)

IOWA

General law for formation of savings banks (Code § 1840.)

Investment of capital, deposits and income restricted to specified securities (Code § 1850)

Savings banks may do a commercial banking business (Code § 1860.)

No provisions for separate accounts or segregation of savings assets from commercial assets where both kinds of business transacted.

The term "savings bank" or "savings institution" cannot be used by any bank, banking association, private banker or person not incorporated under the savings bank law. (Code § 1859)

WYOMING

Provision for incorporation of savings associations (Laws 1888 Ch. 88 § 26 constituting Rev. Stat. § 3105) 80% of deposits of savings associations may be invested in specified securities (R. S. 3111)

Corporations may be formed to conduct banking, savings banking and loan and trust business (L 1888 Ch. 88, §1, Rev. Stat. 3085). Under this, it would seem the transaction of more than one kind of business by a single institution is permissible.

No association doing the business for which savings associations are formed (receiving and investing deposits of wage earners, etc.) shall possess or exercise any banking powers except such as are expressly conferred by this Chapter relating to savings banks (R. S. 3110)

In case of insolvency of any savings bank or association formed under provisions of this Chapter, savings depositors have preference over shareholders and creditors (L 1888 Ch. 88 § 36; R. S. 3119)

Unlawful to use name or transact business of savings banks unless incorporated under Chapter (Id. 3120).

SOUTH DAKOTA

No separate legislation for savings banks.

Ch. 223 Laws 1909 for the organization of banks provides that they may receive "commercial and savings deposits." (§ 4 Aht. II Ch. 223)

No legislation for investment of savings deposits as distinguished from commercial deposits, or for segregation, etc.

CLASS D. STATES, ETC., WHICH INCORPORATE STOCK SAVINGS BANKS WITH RESTRICTED INVESTMENTS, BUT ARE SILENT AS TO THE RECEIPT OR INVESTMENT OF SAVINGS DEPOSITS BY COMMERCIAL BANKS, EXCEPT IN THREE STATES WHERE PROHIBITION POSSIBLY IMPLIED.

In Arizona Territory, Missouri and Montana, the laws provide for the incorporation of savings banks with capital stock and restrict their investment to specified securities, except in Montana where only one-half are restricted. The laws of these states neither prohibit nor expressly permit the doing of a savings bank business by commercial banks.

In Florida, Nebraska and Nevada, stock savings banks with restricted investments are also provided for, but the application for incorporation must specify whether the business to be conducted is "commercial" or "savings" from which might be implied a possible prohibition of one bank doing both kinds of business. As to Nebraska, the Bank Law of 1909 is the one above referred to; but the constitutionality of this is doubtful, it having been declared invalid by the federal circuit court and the case is now on appeal to the U. S. Supreme Court. If invalid, the law of 1895 would operate which provides for the incorporation of savings banks and restricts their investments, but is silent as to the receipt or investment of savings deposits by other banks.

ARIZONA TERRITORY

Savings banks and savings and loan associations may be incorporated (Rev. Stat. § 827)

Investments restricted (Rev. Stat. §§ 135, 831)

Depositors have priority in assets over stockholders (R. S. 830)

No regulation of savings deposits in other banks.

No corporation, firm or individual may use name or transact the business of a "savings bank or bank or banking corporation" without the Comptroller's license. (R. S. § 134)

MISSOURI

Incorporation of savings and safe deposit institutions provided for (Rev. Stat. Aft. XIII)

Investment of deposits and income restricted to specified securities. (Art. XIII § 7)

Savings banks prohibited to transact any banking business, whether of issue, deposit or discount (Art. XIII § 9)

There is no provision either permitting or forbidding commercial banks to combine savings bank business and no provision regulating or restricting investment of savings deposits in commercial banks.

MONTANA

General law for incorporation of savings banks. (Rev. Codes of 1907 § 3945)

One-half of capital and one-half of deposits restricted to specified investments; remainder may be so invested or loaned on approved personal security (Id. 3951)

No provisions for combined bank; but nothing prohibiting commercial bank to receive savings deposits without restriction as to investment.

Unlawful for any person to use the words "trust" or "trust company," "savings" or "savings bank" in the title of any business corporate or otherwise unless such business be organized and incorporated under the laws of Montana relating to "trust deposit and security and saving bank corporations" or such business is conducted by duly qualified and authorized foreign corporation (Id. § 3992)

FLORIDA

Law provides for incorporation of stock savings banks. (Rev. Stat. § 2165)

Capital, deposits and income of savings banks can be invested only in specified loans and securities (§ 2201)

Apparently commercial and savings banking may not be combined as application for incorporation must specify whether business is "general banking" or "savings banking" (§ 2166)

No regulation of savings deposits in commercial banks.

NEBRASKA

Prior to 1909, the law provided for organization of savings banks and restricted investment of funds to specified securities. (Laws 1895 Ch. 8, §§31, 33).

No provision in law of 1895 which prevented commercial banks from receiving and investing savings deposits in the same way as commercial deposits.

In 1909 new banking law enacted, which has been held unconstitutional by federal court and is now pending before U. S. Supreme Court.

The law of 1909 restricts the banking business to corporations organized to conduct commercial banking and savings banking. While some provisions would imply a combination, this would seem to be negatived by the requirement that every corporation at its organization must in its statement declare "the nature of the proposed banking business whether commercial or savings" (§ 15 Banking Law 1909)

Loanable funds of savings bank required to be invested in specified securities (§ 36)

Guaranty fund provided for depositors in banks (§44).

Does not appear that savings depositors are excluded from Guaranty Fund.

NEVADA

Banks may be incorporated to carry on savings bank business. (Banking Law 1909 §36).

Funds must be invested in specified securities (§36).

Combination of savings and commercial banking impliedly prohibited by requirement that statement for organization must contain "the nature of proposed banking business whether commercial or savings" (§16).

Nothing in statutes to prohibit commercial bank from receiving savings deposits and investing them as other deposits unless prohibited as above.

It is unlawful for any corporation, partnership firm or individual to do banking business in state except by means of a corporation organized under laws of state; except certain agencies of foreign corporations (§2).

CLASS E. STATES WHICH INCORPORATE STOCK SAVINGS BANKS BUT DO NOT RESTRICT INVESTMENTS.

NEW MEXICO

Incorporation of savings banks provided (Compiled Laws 1897 §260 Amd. by Ch. 56 Laws 1901).

Investments are not restricted to specified securities and savings banks are permitted to loan money on real and personal security and invest in stocks, bonds, etc.

No provisions for combination or preventing other banks from receiving savings deposits.

VIRGINIA

Incorporation of savings banks, savings institutions and savings societies provided. (Pollard's Code of Va. §1174).

Funds may be invested in or loaned on stocks or real estate or used in purchasing or discounting notes, bills, etc. (§1180).

CLASS F. STATES, ETC. WHICH HAVE NO SPECIAL LAWS FOR INCORPORATION AND MANAGEMENT OF STOCK SAVINGS BANKS, BUT WHERE SUCH BANKS ARE INCORPORATED, EITHER UNDER GENERAL BANKING OR GENERAL CORPORATION LAWS.

ALABAMA

General Corporation Law; no legislation dealing specifically wth savings banks.

ARKANSAS

General Corporation Law; no legislation specifically dealing with savings banks.

DISTRICT OF COLUMBIA

Savings banks organized under authority of Act of Congress or foreign savings banks doing business in District.

Provisions as to report to and examinations by Comptroller of Currency.

No other provisions.

GEORGIA

No special legislation for organization or management of or regulation of deposits in savings banks.

Act of 1887 (p. 91) providing for incorporation of manufacturing and mining companies as savings banks, with savings departments not included in Code of 1905, and probably not now law.

ILLINOIS

Banks incorporated under act concerning corporations with banking powers (June 16, 1887, amended June 4, 1897 and June 3, 1907) receive savings deposits but there is no special legislation concerning savings banks or savings deposits.

KANSAS

Savings banks are organized under the general banking law; no special legislation for their organization. Apparently a bank may be organized to do an exclusive savings bank business or combine savings business with commercial business for section 12, Banking Law of 1897, after providing reserve to be kept by banks, provides, "that all savings banks or savings associations which do not transact a general banking business shall be required to keep on hand at all times in actual cash a sum equal to ten per cent. of their deposits and shall be required to keep a like sum invested in good bonds of the United States or state, county, school district or municipal bonds of the state of Kansas worth not less than par." (See Oklahoma for similar provision).

MISSISSIPPI

No law for the organization, management or regulation of deposits of savings banks. Banks are organized under the general corporation law with but few regulations of the business.

NORTH DAKOTA

Savings banks are organized under general banking laws (Rev. Codes 1905 §4645)

No provisions restricting investment of savings deposits or with regard to combined banks, segregation, etc., etc.

OKLAHOMA

No law for the incorporation of savings banks except under the General Banking Law.

No legislation specifically dealing with savings banks.

Apparently banks may be organized to do an exclusive savings bank business or combine savings and commercial business for Section 11 of Art. I of General Banking Law after providing a larger reserve for banks provides "that all savings associations which do not transact a general banking business shall be required to keep" 10% of deposits as reserve and "like sum invested in good bonds of the U. S. or state, county, school district or municipal bonds of Oklahoma, worth not less than par." (See similar provision in Kansas)

Art. II Secs 1 and 2 provides Guaranty Fund.

SOUTH CAROLINA

No act for incorporation of savings banks as distinguished from banks.

No special legislation as to savings banks.

TENNESSEE

No special legislation for incorporation of savings banks nor restricting investments, etc. An old statute, Ch. 142, Acts 1875, provides form of charter for a "savings bank and bank for discount."

It is contemplated that one bank may do both commercial and savings business in act (Ch. 44 Laws 1907) to require publication of financial statement of all persons or corporations doing a savings, deposit or general banking or trust business.

(EXHIBIT C.)

TABLES

FROM REPORT OF BANKS TO NATIONAL MONETARY COMMISSION APRIL 28, 1909.

April 28, 1909.

NATIONAL BANKS

STATES.	Amount Savings Deposits.	Details of Bonds and Real Estate Mortgages Held			Total.
		Loans on Real Est.	State & Municipal Bonds.	Railroad Bonds.	
Maine	13,855,494	209,681	713,289	3,822,189	4,745,159
New Hampshire	964,550	161,224	642,424	1,864,210	2,667,858
Vermont	5,487,215	213,405	1,250,214	1,934,592	3,398,211
Massachusetts	7,841,124	743,432	2,578,280	16,438,609	19,760,321
Rhode Island	2,726,947	76,450	244,371	1,678,186	1,999,007
Connecticut	767,683	201,485	1,133,532	9,950,978	11,285,995
New York	41,668,742	2,965,756	20,865,604	142,023,781	165,855,141
New Jersey	24,825,231	1,169,115	6,515,880	21,606,022	29,291,017
Pennsylvania	98,681,924	4,892,625	14,692,704	68,806,714	88,392,043
Delaware	993,971	112,106	193,412	1,145,118	1,450,636
Maryland	10,371,266	589,884	4,533,876	6,842,419	11,966,179
Dist. of Columbia	272,991	285,558	1,698,117	3,721,336	5,705,011
Virginia	9,839,639	524,517	2,584,634	1,790,027	4,899,178
West Virginia	3,424,493	267,644	907,212	1,181,761	2,356,617
North Carolina	1,456,116	153,886	528,207	169,323	851,416
South Carolina	4,885,558	106,125	1,212,485	18,344	1,336,954
Georgia	4,133,127	293,831	738,606	104,045	1,236,482
Florida	4,198,023	336,402	1,081,569	124,423	1,542,394
Alabama	2,343,296	870,985	1,665,835	299,861	2,836,681
Mississippi	144,883	654,725	667,926	212,525	1,535,186
Louisiana	2,314,819	1,086,923	1,468,110	328,735	2,883,768
Texas	2,289,713	4,985,109	3,604,226	465,510	9,054,845
Arkansas	401,485	376,143	55,232	857	432,232
Kentucky	1,786,094	561,434	2,532,336	2,222,552	5,316,322
Tennessee	3,929,723	603,318	945,263	40,922	1,589,503
Ohio	23,794,842	5,706,049	17,872,833	11,046,309	24,625,191
Indiana	3,489,690	2,065,952	6,655,430	4,550,970	13,272,352
Illinois	21,960,151	4,337,806	13,427,186	12,745,656	30,560,648
Michigan	26,443,178	833,032	4,511,656	3,803,588	9,148,276
Wisconsin	19,659,674	1,012,680	5,468,469	6,278,058	12,759,207
Minnesota	5,627,662	2,942,847	2,315,396	4,015,987	9,274,230
Iowa	4,743,100	3,214,138	2,022,118	1,455,298	6,691,544
Missouri	1,602,378	1,139,471	4,491,247	4,026,986	9,657,704
North Dakota	243,934	1,251,891	348,270	111,627	1,711,788
South Dakota	613,896	773,205	1,313,584	75,077	2,160,866
Nebraska	544,873	987,714	1,056,613	928,983	2,973,310
Kansas	867,617	1,013,156	2,522,687	834,780	4,370,623
Montana	807,732	661,278	1,246,460	52,375	1,960,113
Wyoming	214,414	269,200	167,338	208,826	645,364
Colorado	196,894	2,012,299	3,170,005	5,765,886	10,948,190
New Mexico	58,222	251,844	122,822	115,672	490,339
Oklahoma	324,020	1,238,518	1,286,422	15,800	2,540,740
Washington	7,416,094	1,249,545	2,706,753	1,528,124	5,484,422
Oregon	466,220	471,316	1,487,367	1,133,435	3,092,118
California	4,680,939	2,316,684	9,602,684	4,991,644	16,911,012
Idaho	285,663	282,958	299,841	105,035	687,834
Utah	1,944,291	167,547	676,893	621,208	1,465,648
Nevada	275,897	57,188	146,730	20,000	223,918
Arizona	8,781	173,686	342,968	5,116	521,770
Alaska	27,628	2,050		1,758	3,808
Hawaii	140,611	47,000	288,561	7,070	342,631
Porto Rico		121	10,262	132,756	143,139
	376,052,508	57,070,962	156,612,965	351,371,083	565,054,941

April 28, 1909.

STATE BANKS

STATES.	Amount of Savings Deposits.	Details of Bonds and Real Estate Mortgages Held					Total Amount of Bonds and Real Estate Mort. held.
		Loans on Real Est.	U. S. Bonds.	State & Municipal Bonds.	Railroad Bonds.	Mortgages Owned.	
Maine							
New Hampshire	4,151,487	704,851		169,038	616,056	505,374	1,995,319
Vermont							
Massachusetts		53,994		25,000	15,929		94,923
Rhode Island		46,406		21,300	2,149,229	93,667	2,310,602
Connecticut	36,200,266	14,821,022	266,764	4,896,830	30,346,450	7,541,972	57,873,038
New York	3,290,363	220,200	100,000	554,509	2,759,131	672,116	4,305,956
New Jersey	82,271,014	9,801,208	1,997,642	1,459,149	14,310,336	10,406,253	37,874,588
Pennsylvania		95,175		93,050	397,958	546,877	1,133,060
Delaware	3,459,688	1,002,623		159,052	2,210,521	291,848	3,655,044
Maryland							
Dist. of Columbia	8,504,260	6,146,490	1,227	920,886	727,194	66,092	7,861,889
Virginia	2,644,443	2,508,840	72,575	417,367	324,133	17,192	3,340,157
West Virginia	2,830,406	2,894,417	9,840	134,037	60,500	30,371	3,129,165
North Carolina	4,659,153	5,587,329		241,475		77,708	5,906,512
South Carolina	6,237,229	2,547,190	42,500	587,554	89,750	2,010	3,279,004
Georgia	2,164,288	2,297,389	642	633,784	20,954	190,242	3,143,013
Florida	3,731,292	3,535,657	1,548	716,156	21,566	64,359	3,339,286
Alabama	2,542,942	12,981,137	45,247	873,067	23,793	27,232	13,950,476
Mississippi	8,679,257	7,821,951	12,640	5,613,494	20,197	410,775	13,879,057
Louisiana							
Texas	316,171	3,014,672	26	110,165	12,566	47,097	3,184,526
Arkansas	1,722,938	1,615,934	12,750	155,400	180	18,123	1,801,487
Kentucky	1,719,204	6,083,172	7,955	997,400	1,330,104	1,115,956	9,534,587
Tennessee	804,415	699,302	120	166,511	6,500	39,738	912,171
Ohio	58,975,272	36,589,385	169,169	9,367,070	2,781,220	3,395,607	52,302,451
Indiana	2,022,661	10,849,135	169,941	2,480,727	237,289	515,033	14,243,125
Illinois	36,624,653	30,269,802	155,627	3,849,693	2,893,466	6,266,449	43,435,037
Michigan	88,389,167	18,496,600	274,885	7,695,106	2,407,171	32,151,306	61,025,068
Wisconsin	22,942,958	20,807,247	89,881	2,399,240	3,003,893	3,675,177	30,005,438
Minnesota	2,937,738	18,533,317	16,230	625,331	363,468	892,205	20,429,451
Iowa	5,160,293	14,556,466	121,540	324,268	320,150	1,704,792	17,027,216
Missouri	2,051,699	25,274,699	155,167	6,776,203	924,967	1,816,338	34,947,374
North Dakota	644,478	3,217,013	3,769	465,531	973	105,710	3,795,996
South Dakota	409,685	4,934,516	988	249,738	9,825	269,365	5,464,432
Nebraska	478,727	8,671,919	39,255	296,308	129,407	414,440	9,551,329
Kansas	1,261,507	10,899,077	76,402	1,426,575	30,422	904,544	13,337,020
Montana	268,887	1,717,283	6,500	147,717			1,871,500
Wyoming	18,508	540,797		36,294			577,091
Colorado	256,824	880,667	4,100	202,086	14,108	2,350	1,103,311
New Mexico	113,250	465,782	17,500	232		18,161	501,675
Oklahoma	264,264	2,206,693	369,730	2,287,126		145,886	5,009,434
Washington	14,104,774	5,235,179	48,540	2,437,592	501,096	84,645	8,297,052
Oregon	4,234,008	2,572,391	21,489	686,510	747,782	24,709	4,052,881
California	26,279,875	27,582,996	382,490	3,958,620	3,753,738	1,984,339	37,662,183
Idaho	284,679	1,306,891	47,731	226,767		140,398	1,715,787
Utah	3,329,561	3,050,801	10,461	50,236	482,092		3,593,590
Nevada	1,451,155	1,069,026		229,311	30,000		1,328,337
Arizona	698,551	1,594,251	96,375	284,333	39,367		2,014,326
Alaska	145,557	181,292		75,680			256,972
Hawaii	1,324,448	976,857			10,100		986,957
Porto Rico	422,437	1,218,836	362,450	377,570	983,299		2,942,155
	451,023,602	337,150,897	5,221,710	65,892,211	75,036,949	77,279,474	560,581,147

April 28, 1909.

STOCK SAVINGS BANKS

STATES.	Amount of Savings Deposits.	Details of Bonds and Real Estate Mortgages Held					Total Amount of Bonds and Real Estate Mort. held.
		Loans on Real. Est.	U. S. Bonds.	State & Municipal Bonds.	Railroad Bonds.	Mortgages Owned.	
Maine							
New Hampshire	5,548,885	995,231	20	562,525	828,932	1,250,055	3,636,763
Vermont							
Massachusetts							
Rhode Island							
Connecticut							
New York	11,727,508	13,885	176,660	892,322	4,059,215	3,756,081	8,898,163
New Jersey							
Pennsylvania							
Delaware	1,487,453	341,412	500	55,162	561,766	1,101,583	2,060,423
Maryland	5,122,018	3,026,657		50,000	585,160		3,665,817
Dist. of Columbia	3,261,090	2,627,449		319,616	525,803	8,045	3,490,913
Virginia	4,026,648	382,546	135,615	500			518,661
West Virginia	4,427,626	1,382,868		143,772	57,540		1,584,180
North Carolina	7,501,968	1,772,723		1,691,073	15,300		3,479,096
South Carolina	4,493,336	4,580,319	550	260,685	48,000		4,889,554
Georgia	845,176	562,186	5,425	103,893	7,000	276	678,780
Florida	636,765	405,021	10,750	27,809			443,580
Alabama	1,099,377	1,659,459	25,000	122,876	5,000		1,822,335
Mississippi	10,809,629	2,948,184		726,899	30,000	40,188	3,745,271
Louisiana							
Texas	269,845	142,516	42,809	5,268			190,593
Arkansas	465,967	276,981		1,302	4,560	59,033	341,877
Kentucky	4,793,352	995,333		522,321	629,064	259,152	2,408,925
Tennessee	33,999,795	11,313,091	47,230	3,967,373	2,136,932	3,218,919	20,683,545
Ohio							
Indiana							
Illinois	26,697,608	5,410,565	483,700	5,696,596	1,970,196	5,277,275	18,838,332
Michigan.							
Wisconsin	3,489,151		100,000	1,159,782	394,542	1,458,625	3,112,949
Minnesota	58,126,307	43,680,867	200,192	1,585,282	654,179	16,635,338	62,755,858
Iowa							
Missouri							
North Dakota	635,448	156,956		33,181	5,000	62,499	257,636
South Dakota	2,239,423	1,085,668		365,459		439,034	1,890,161
Nebraska	1,225,277	619,752	59,500	413,038		673,218	1,765,508
Kansas	793,434	373,419		394,604			768,023
Montana	207,544	225,335					225,335
Wyoming	2,296,395	918,230	550	157,690	176,318		1,252,788
Colorado	286,946	122,932					122,932
New Mexico							
Oklahoma	2,196,570	1,394,022	365,347	135,040	107,397	4,300	2,006,106
Washington	770,070	677,242	60,268	14,000	32,966		784,476
Oregon	158,074,207	129,600,256	8,298,215	5,479,527	13,274,903	2,173,210	158,826,111
California	133,973	174,248	518				174,766
Idaho	8,379,065	2,723,393	200,000	162,434	430,834		3,521,661
Utah							
Nevada							
Arizona							
Alaska							
Hawaii							
Porto Rico							
	366,167,886	220,596,818	10,212,852	25,060,041	26,554,614	36,416,836	318,841,113

April 28, 1909.

PRIVATE BANKS

STATES.	Amount of Savings Deposits.	Details of Bonds and Real Estate Mortgages Held					Total Amount of Bonds and Real Estate Mort. held.
		Loans on Real. Est.	U. S. Bonds.	State & Municipal Bonds.	Railroad Bonds.	Mortgages Owned.	
Maine							
New Hampshire							
Vermont							
Massachusetts							
Rhode Island							
Connecticut							
New York	610,747	589,620	11,900	214,100	366,547	524,120	1,706,297
New Jersey	268,296					289,842	289,842
Pennsylvania	247,228	297,329	79,750	75,385	64,143	120,233	636,840
Delaware							
Maryland	1,774	97,255					97,255
Dist. of Columbia							
Virginia	116,060	30,500		13,025			43,525
West Virginia							
North Carolina		17,511					17,511
South Carolina	164,680	76,048					76,048
Georgia	82,033	346,727		5,000			351,727
Florida	4,129	48,087					48,087
Alabama	141,552	379,274		23,700			402,974
Mississippi		59,733		10,536			70,269
Louisiana							
Texas	5,898	2,557,469		270,500	200	47,464	2,875,633
Arkansas	70,188	13,118					13,118
Kentucky		40,250					40,250
Tennessee							
Ohio	2,931,261	5,541,113	125,958	856,244	156,861	498,422	7,178,598
Indiana	1,015,697	3,923,720	177,838	564,203	25,870	1,094,672	5,786,303
Illinois	5,832,892	9,152,449	89,181	408,592	269,230	1,057,033	10,976,485
Michigan	1,922,138	1,502,268	49,141	24,839	73,479	641,482	2,291,209
Wisconsin							
Minnesota	80,080	87,344					87,344
Iowa	948,912	3,662,296	23,000	51,670	112,682	211,218	4,060,866
Missouri	255,551	916,519		15,303	11,046		936,868
North Dakota							
South Dakota	3,053	358,276		28,047		7,280	386,323
Nebraska		207,565		55			215,000
Kansas		67,623		4,831			72,453
Montana	104,356	382,374		14,069		5,786	396,443
Wyoming	500	25,923					31,709
Colorado	139,896	611,672		194,762	2,823		809,257
New Mexico							
Oklahoma	10,089	146,754	450	30,956		12,168	190,328
Washington	159,780	497,195	50,000	246,915	18,604		814,714
Oregon	133,739	262,657	2,000	73,199	62,088		339,944
California		45,296		9,861			55,157
Idaho	22,307	176,632		92,000	50,000		318,632
Utah		20,899					20,899
Nevada		50,357					50,357
Arizona							
Alaska							
Hawaii							
Porto Rico							
	15,372,937	32,126,877	609,219	3,228,802	1,213,577	4,509,824	41,688,265

April 28, 1909.

LOAN AND TRUST COMPANIES

STATES.	Amount of Savings Deposits.	Details of Bonds and Real Estate Mortgages Held					Total Amount of Bonds and Real Estate Mort. held.
		Loans on Real. Est	U. S. Bonds.	State & Municipal Bonds.	Railroad Bonds.	Mortgages Owned.	
Maine	18,895,832	3,464,044	18,150	951,541	3,033,108	390,137	7,856,980
New Hampshire							
Vermont	20,283,940	6,872,068	24,250	3,652,304		5,822,387	16,371,009
Massachusetts	4,056,716	4,815,702	4,381	6,313,343	7,177,804	2,518,102	20,829,132
Rhode Island	42,075,241	4,875,955	550,000	2,940,420	10,881,916	4,182,850	23,431,141
Connecticut	4,320,077	2,597,735	200	196,153	4,105,590	481,148	7,380,826
New York	44,240,936	9,896,032	208,992	79,316,640	191,014,932	78,034,363	358,470,960
New Jersey	57,175,348	4,376,479	4,052	6,960,512	19,622,012	28,243,917	59,206,972
Pennsylvania	75,442,716	14,938,243	440,866	8,585,282	56,454,950	55,072,602	135,491,944
Delaware	688,580	189,088	2,679	297,473	1,221,744	533,601	2,644,585
Maryland	1,099,496	644,420	200,000	6,112,678	7,738,893	224,710	14,920,701
Dist. of Columbia	62,333	12,063,664		201,550	2,670,717		14,935,871
Virginia	1,080,907	394,957		65,616	17,009		477,582
West Virginia	1,348,522	924,087		70,887	193,550		1,188,524
North Carolina	1,878,355	579,659		13,200			592,859
South Carolina	932,089	106,931		92,451	82,928	155,543	437,853
Georgia							
Florida							
Alabama							
Mississippi							
Louisiana							
Texas	1,666,925	2,429,424		372,042	1,923		2,803,399
Arkansas	371,328	521,498	43,414	108,165	13,000	397,285	1,093,362
Kentucky	4,724,820	3,473,123	45,003	341,401	196,625	3,480,726	7,536,878
Tennessee							
Ohio	70,461,274	20,001,480	190,227	5,757,243	15,244,872	692,496	41,886,318
Indiana	24,530,490	26,333,767	73,064	2,269,253	1,728,889	504,069	30,809,042
Illinois	153,944,155	19,721,139	945,425	20,400,314	29,045,171	8,278,291	78,390,340
Michigan	4,924	801,309	1,030	469,421	136,188	260,699	1,668,647
Wisconsin	1,455,321	4,926,376	25,000	199,832	777,401	1,541,074	7,469,683
Minnesota	475,742	710,630	2,051	284,569	277,177	484,918	1,759,345
Iowa	429,822	5,810,878	500	53,376	63,545	401,881	6,330,180
Missouri	20,305,796	12,202,124	91,629	5,307,507	7,161,078	2,953,060	27,715,398
North Dakota	399,772	335,211		63,873			399,084
South Dakota	530,875	168,115		5,060			173,175
Nebraska							
Kansas	4,553	242,314		68,931		179,180	490,425
Montana	704,762	345,348		257,976			603,324
Wyoming	210	87,495					87,495
Colorado	2,974,970	1,187,871	6,580	326,161	466,480	102,734	2,089,826
New Mexico							
Oklahoma	64,285	201,799	25,000	200,388		128,320	555,507
Washington	4,344,665	1,609,243	340	1,183,559	567,185	763,340	4,123,707
Oregon	2,756,650	1,528,204		31,599	1,678,866		3,248,669
California	12,651,614	8,475,361	319,530	2,030,701	826,665	732,799	12,379,656
Idaho	301,075	1,258,346	110	46,574		74,418	1,379,448
Utah	97,072	3,669			10,000	1,349,267	1,362,936
Nevada							
Arizona							
Alaska							
Hawaii							
Porto Rico							
	576,783,078	179,034,348	3,222,380	155,832,931	362,404,241	198,283,931	898,592,763

PHILIPPINES	
Savings Deposits	$325,490
Loans on Real Estate	274,172
Mortgages Owned	116,035
Total	$390,207

(EXHIBIT D.)

Table Showing Increase of Savings Deposits in National Banks

THE COMPTROLLER OF THE CURRENCY OF THE UNITED STATES REPORTS THE FOLLOWING:

Nov. 16, 1909—2235 National Banks having savings departments with savings deposits of $389,406,310.

Jan. 31, 1910—2600 National Banks with savings deposits of $522,700,526.

The following are the main changes:

New England States	Increase	10	banks	$ 5,174,795
Eastern States	"	57	"	51,035,912
Southern States	"	70	"	14,427,193
Middle States	"	151	"	47,462,505
Western States	"	54	"	12,042,423
Pacific States	"	23	"	3,132,667
Hawaii	"			18,721

If this same proportionate increase of deposits has been experienced by all other banks as well as national banks (perhaps not an unfair deduction) the total savings deposits banked in the United States would amount on the 31st of January last to the enormous figures of $7,800,000,000.

MSH 22991

MSH 02991

END OF
TITLE